

**SECTION 09.00.00 - WAGES**

<b>REFERENCES</b>	
Legislation:	Unemployment Insurance Code, 927 Unemployment Insurance Code, 13009(m)(2) Unemployment Insurance Code, 10201(f) Unemployment Insurance Code, 10201(j) Unemployment Insurance Code, 10214.5 (Special Employment Training Projects) Unemployment Insurance Code, 10214.7(Welfare to Work) Section 11010 of Title 8 of the California Code, Public Law: Sections 101-157
Title 22, California Code of Regulations:	4400. (ee) Frontline Worker 4408. California Career Ladders to the 21 <sup>st</sup> Century 4409. Special Employment Training Projects 4414. Job Creation 4418. Wage Criteria 4419. Health Benefits
Policies:	High Unemployment Areas
Other Sections:	01.00.00 Agreement 07.00.00 Special Employment Training Projects 10.00.00 Welfare to Work
Forms and Instructions:	ETP 100 Terms and Conditions ETP 130 Memorandum

**Section Contents****09.01.00 ETP MINIMUM HOURLY WAGES****09.02.00 CURRENT YEAR ETP MINIMUM WAGES 2004** 2005 Wages added.**09.03.00 SUPPLEMENTING TRAINEE WAGES TO MEET THE ETP MINIMUM WAGE REQUIREMENT****09.04.00 SUBSTANTIATING HEALTH BENEFITS****09.05.00 PAYING WAGES DURING TRAINING****09.06.00 PREVIOUS YEARS' MINIMUM WAGES**

## WAGES

ETP's enabling legislation requires the Panel to fund training for high-wage jobs, stipulating wage criteria used to develop ETP's minimum wage requirements. The ETP minimum wage is calculated based upon the state average hourly wage for the previous fiscal year determined by the Labor Market Information Division (LMID). Minimum wage requirements are updated annually. The ETP minimum wage represents the minimum wage that a trainee must earn upon completion of training and retention. This Section provides information on calculating wages for ETP purposes, the use of health benefits, and wage Tables identifying current and prior years' minimum wage requirements.

### 09.01.00 ETP MINIMUM HOURLY WAGES

#### *What are "ETP Minimum Hourly wages"?*

The calculated ETP Minimum Hourly wages (identified in the wage tables in this Section) are for New Hires and Retraitees. These wages must be met following training according to Section 10201(f) of the UI Code. This UI Code requires the Panel to fund training, which provides employment with earnings upon completion of the employment retention period, equal to 50 percent, in the case of new hire training, or 60 percent, in the case of retraining, of the state or regional average hourly wage. However, in no case shall the employment result in earnings of less than 45 percent of the State average hourly wage for new hire training and 55 percent of the state average hourly wage for retraining. For **2005**, these calculations are based on a state average hourly wage of **\$20.61**.

### 09.02.00 CURRENT YEAR ETP MINIMUM WAGES 2005 Wages added.

ETP trainees must earn at least the minimum wages, identified by county, in the following wage Tables. In no event, may a trainee's base wage (exclusive of health benefits) be less than the State or Federal minimum wage, whichever is higher (currently \$6.75), unless otherwise noted ( i.e. commission in addition to regular wages). The following minimum wage requirements are effective, January 1, **2005**.

**STANDARD WAGES FOR CALENDAR YEAR 2005 (Table 1)**

(May use health benefits to meet the ETP minimum wage requirement.)

COUNTIES	NEW HIRE MINIMUM WAGE	RETRAINEE MINIMUM WAGE
<i>Alameda, Contra Costa, Los Angeles, Marin, Orange, San Francisco, San Mateo, Santa Clara</i>	\$ 10.31	\$12.37
<i>Sacramento</i>	\$ 10.24	\$12.28
<i>San Diego</i>	\$ 9.85	\$11.81
<i>Ventura</i>	\$ 9.80	\$11.75
<i>All Other Counties</i>	\$ 9.27	\$11.34

- Trainees in High Unemployment Area training projects funded under Section 10201.5 must meet the minimum wage standards as shown in Table 1, unless they are approved for a wage waiver by the Panel as identified below, in which case they may meet the wage requirements in Table 2 below.

**WORKING POOR WAGES FOR CALENDAR YEAR 2005 (Table 2)**

(May use health benefits to meet the ETP minimum wage requirement.)

COUNTIES	NEW HIRE WAGE AFTER RETENTION	RETRAINEE WAGE AT START OF TRAINING	INCREASED RETRAINEE WAGE AFTER RETENTION
<i>Alameda, Contra Costa, Los Angeles, Marin, Orange, San Francisco, San Mateo, Santa Clara,</i>	\$ 7.73	\$ 9.28	After retention, <i>base</i> wage (base wage does not include health benefits) must be increased. Increase must be at least 7% higher than trainee <i>base</i> wage was at the start of training.
<i>Sacramento</i>	\$ 7.68	\$ 9.21	
<i>San Diego</i>	\$ 7.39	\$ 8.86	
<i>Ventura</i>	\$ 7.35	\$ 8.81	
<i>All Other Counties</i>	\$ 6.95	\$8.51	

- For “working poor” new-hires: On a case-by-case basis, the ETP minimum wage requirement may be waived up to 25 percent below the ETP minimum, after training and employment retention. No post-retention wage increase is required.

- For “working poor” *retrainees*: On a case-by-case basis, the Panel may waive the minimum wage requirements for trainees at the start of training (up to 25 percent below the ETP minimum wage requirement). However, trainee’s post-retention *base* wage must be increased. (*Base* wage does not include health benefits.) The increase must be at least 7% higher than trainee *base* wage was at the start of training -except in cases precluded by existing collective bargaining agreement. For example:

At start of training, a trainee in Alameda county earns \$8.00 hr. *base* wage + \$1.13 health benefits = \$9.13 hr. (WAGE AT START OF TRAINING).

After retention, the trainee’s *base* wage must increase by at least 7% of the trainee’s *base* wage (\$8.00) at start of training. Calculate the necessary increase as follows:

$$\$8.00 \text{ (BASE WAGE WITHOUT HEALTH BENEFITS AT START OF TRAINING)} \times 7\% \text{ (MINIMUM REQUIRED INCREASE)} = 56\text{¢}$$

$$\$8.00 + 56\text{¢} = \$8.56 \text{ (REQUIRED BASE WAGE AFTER RETENTION)}$$

$$\$9.13 \text{ (BASE WAGE + HEALTH BENEFITS AT START OF TRAINING)} + 56\text{¢} \text{ (MINIMUM REQUIRED BASE WAGE INCREASE OF 7\%)} = \$9.69 \text{ (REQUIRED WAGE AFTER RETENTION – INCLUDES HEALTH BENEFITS)}$$

### **SET WAGES FOR CALENDAR YEAR 2005 (Table 3)**

<b>TERM BEGINNING DATE</b> <b>Jan. 1, 2005– Dec. 31, 2005</b>	<b>SET MINIMUM WAGE</b>
<i>Frontline Workers Earning at Least the State Average Hourly Wage</i>	\$20.61
<i>Frontline Workers with Multiple Barriers to Full-Time</i>	See Table 1
<i>Frontline Workers in High Unemployment Areas</i>	See Table 1 or 2 <i>Note: ETP standard minimum wage may be waived for “working poor” retrainees only, if post-retention wage is 7% higher than base wage before training. ETP standard minimum wage for “working poor” new hires may be waived up to 25%, on a case-by-case basis - no post-retention wage requirement.</i>
<i>Frontline Workers Small Business Owners</i>	No wage requirement

Projects funded under U.I. Code Section 10214.5:

- Frontline Workers Earning at Least the State Average Hourly Wage: SET Frontline workers must earn wages at least equal to the state average hourly wage of **\$20.61** per hour. May use health benefits to meet minimum wage requirement.
- Multiple Barriers: For SET frontline workers with multiple barriers to full-time employment, the standard ETP minimum wages apply (See Table 1). May use health benefits to meet minimum wage requirement.
- High Unemployment Areas: For Set frontline workers in high areas of unemployment, the standard ETP minimum wages on Table 1 apply. However, the ETP minimum wage requirement may be waived for “*working poor*” trainees – as stipulated on Table 2. See Table 2.
- Small Business Owners: For SET Small Business Owners, there is no wage requirement. The dollar value of health benefits voluntarily paid for by an employer for a trainee may be used to calculate wages for SET.

### **09.03.00 SUPPLEMENTING TRAINEE WAGES TO MEET THE ETP MINIMUM WAGE REQUIREMENT**

Any issues that arise regarding supplementing a trainee’s regular wages to meet the ETP minimum wage requirement should be elevated to ETP’s Assistant Directors. The following table outlines the use of bonuses, commission, health benefits, overtime, tips, and mandatory service charges in calculating employee wages:

ITEM	ALLOWABLE	CRITERIA	COMMENTS
Bonus	Yes	<p>Bonuses may be used to meet the ETP minimum wage requirement if:</p> <ol style="list-style-type: none"> <li>1) Employee’s base wage is at least the State minimum wage;</li> <li>2) Criteria for earning bonus is documented; and</li> </ol> <p>Bonus is a normal, recurring part of an employee’s compensation.</p>	Use of bonuses to meet the ETP minimum wage requirements must be identified in the ETP130, and in the ETP100, Chart 1, Comments.

## Section 9

## Wages

ITEM	ALLOWABLE	CRITERIA	COMMENTS
Commission	Yes	<p>The dollar amount of commission - earned by an employee in addition to or in lieu of a regular wage - may be used to meet the applicable ETP minimum wage requirement.</p> <p>The dollar amount of commission - or commission plus wages- must be equivalent to the applicable ETP minimum wage.</p>	Use of commission to meet the ETP minimum wage requirements must be identified in the ETP130 and in the ETP100, Chart 1, Comments.
Health Benefits	Yes	<p>The dollar value of voluntary <u>employer-paid</u> health benefits may be used to supplement an employee's regular wage for the purpose of meeting ETP's minimum wage requirements.</p> <p>The total dollar amount of voluntary <u>employer-paid</u> health benefits plus the employee's regular wage must meet the applicable ETP minimum wage requirement.</p>	Use of voluntary <u>employer-paid</u> health benefits to meet the ETP minimum wage requirements must be identified in the ETP130, and in the ETP100, Chart 1, Comments.
Overtime	No	<p>The premium paid for any overtime hours worked must not be used to supplement an employee's regular wage rate for the purpose of meeting ETP minimum wage requirements.</p> <p><u>The employee's regular wage alone</u> must meet the applicable ETP minimum wage requirement.</p>	Generally, any hours worked in excess of 8 hours in a day or 40 hours in a week are subject to overtime compensation. Overtime compensation consists of straight time pay plus a premium of 1/2 times pay for any hours worked in excess of 8 hours in a day or 40 hours in a work week, and double time the straight pay for any hours worked in excess of 12 hours in a day.
Tips	<u>Effective May 24, 2002:</u> Use of tips to meet ETP minimum wage requirements was made allowable for Career Ladder to the 21 <sup>st</sup> Century projects only. <u>However, effective 1/23/03 the Panel placed an indefinite moratorium</u>	Cash tips of twenty dollars or more in a calendar month (reported as earnings by an employee on written statements furnished to the employer and considered to be wages as of the date of the required filing by the employee) may be used to supplement an employee's regular wage for the purpose of meeting ETP's minimum wage requirements.	Use of tips to meet the ETP minimum wage requirements must be identified in the ETP130, and in the ETP100, Chart 1, Comments, section.

Section 9	Wages
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ITEM	ALLOWABLE	CRITERIA	COMMENTS
	<u>on the funding of Career Ladders to the 21<sup>st</sup> Century projects.</u>	The total dollar amount of cash tips plus the employee's regular wage must meet the applicable ETP minimum wage requirement.	
Mandatory Service Charges (Banquet Tips)	Yes	<p><u>Mandatory</u>* service charges (banquet tips) are considered to be wages and may be used to supplement an employee's regular wage for the purpose of meeting ETP's minimum wage requirement. The total dollar amount of the service charge plus the employee's regular wage must meet the applicable ETP minimum wage requirement.</p> <p>*Mandatory service charges are: (1) compulsory charges that must be paid (in addition to regular charges) by a customer directly to an establishment; (2) subject to sales tax; (3) distributed by the employer to the employee; and, (4) considered wages for federal employment tax purposes and for income tax withholding.</p> <p>Note: In contrast, <i>voluntary</i> gratuities are: (1) optional tips; (2) paid directly to an employee; and, (3) exempt from sales tax.</p>	Use of service charges (banquet tips) to meet the ETP minimum wage requirements must be identified in the ETP130, and in the ETP100, Chart 1, Comments, section.

#### 09.04.00 SUBSTANTIATING HEALTH BENEFITS

When the Contractor submits the final invoice, Fiscal Staff verifies the actual hourly wages paid as reported to EDD for U. I. tax purposes. Contractor must be able to substantiate wages (and health benefits when applicable) to ETP staff.

#### 09.05.00 PAYING WAGES DURING TRAINING

Employers in California must pay overtime wages for all employees required to attend any type

of classes if the training extends the workers into over-time and is a condition of continuing employment. Early in the development of an Agreement, staff should notify Contractors that they must adhere to all state and federal labor laws. In addition, staff should be alert to any situation in which trainees are being required to attend classes outside regular working hours, extending the worker into overtime. If the issue does arise and is not resolved at the staff level to conform to the state law, staff should immediately elevate the problem to their manager.

### 09.06.00 PREVIOUS YEARS' MINIMUM WAGES

Because the term of an ETP contract is 24 months, there currently active contracts utilizing prior year wage requirements. Thus, ETP Minimum wage requirements for the past two years are provided below for reference.

#### **STANDARD WAGES FOR CALENDAR YEAR 2004 (Table 1)**

(May use health benefits to meet the identified minimum wage)

COUNTIES	NEW HIRE MINIMUM WAGE	RETRAINEE MINIMUM WAGE
<i>Alameda, Contra Costa, Los Angeles, Marin, Orange, San Francisco, San Mateo, Santa Clara</i>	\$ 10.15	\$12.17
<i>Sacramento</i>	\$ 10.02	\$12.02
<i>San Diego</i>	\$ 9.68	\$11.61
<i>Ventura</i>	\$ 9.41	\$11.29
<i>All Other Counties</i>	\$ 9.13	\$11.16

- Trainees in High Unemployment Area training projects funded under Section 10201.5 must meet the minimum wage standards as shown in Table 1, unless they are approved for a wage waiver by the Panel as identified below, in which case they may meet the wage requirements in Table 2 below.
  
- Trainees in Career Ladders training projects funded under the provisions of CCR Section 4414 and CCR Section 4408 must meet the minimum wage standards as shown in Table 1 unless they are approved for a wage waiver by the Panel. NOTE: Effective 1/23/03 the Panel



placed an indefinite moratorium on the funding of Career Ladders to the 21<sup>st</sup> Century projects.

### **WORKING POOR WAGES FOR CALENDAR YEAR 2004 (Table 2)**

(May use health benefits to meet the identified minimum wage)

COUNTIES	NEW HIRE WAGE AFTER RETENTION	RETRAINEE WAGE AT START OF TRAINING	INCREASED RETRAINEE WAGE AFTER RETENTION
<i>Alameda, Contra Costa, Los Angeles, Marin, Orange, San Francisco, San Mateo, Santa Clara</i>	\$ 7.61	\$ 9.13	After retention, base wage must be increased ( <i>base wage</i> does not include health benefits). Increase must be at least 7% higher than trainee <i>base wage</i> was at the start of training.
<i>Sacramento</i>	\$ 7.52	\$ 9.02	
<i>San Diego</i>	\$ 7.26	\$ 8.86	
<i>Ventura</i>	\$ 7.06	\$ 8.81	
<i>All Other Counties</i>	\$ 6.85	\$ 8.51	

- For “working poor” new-hires: On a case-by-case basis, the ETP minimum wage requirement may be waived up to 25 percent below the ETP minimum, after training and employment retention. No post-retention wage increase is required.
- For “working poor” retrainees: On a case-by-case basis, the Panel may waive the minimum wage requirements for trainees at the start of training (up to 25 percent below the ETP minimum wage requirement). However, trainee’s post-retention *base wage* must be increased. (*Base wage* does not include health benefits.) The increase must be at least 7% higher than trainee *base wage* was at the start of training -except in cases precluded by existing collective bargaining agreement. For example:

At start of training, a trainee in Alameda county earns \$8.00 hr. *base wage* + 99¢ health benefits = \$8.99 hr. (WAGE AT START OF TRAINING).

After retention, the trainee’s *base wage* must increase by at least 7% of the trainee’s *base wage* (\$8.00) at start of training. Calculate the necessary increase as follows:

$$\$8.00 \text{ (BASE WAGE WITHOUT HEALTH BENEFITS AT START OF TRAINING)} \times 7\% \text{ (MINIMUM REQUIRED INCREASE)} = 56¢$$

$$\$8.00 + 56¢ = \$8.56 \text{ (REQUIRED BASE WAGE AFTER RETENTION)}$$

$\$8.99$  (BASE WAGE + HEALTH BENEFITS AT START OF TRAINING) +  $56¢$  (MINIMUM REQUIRED BASE WAGE INCREASE OF 7%) =  $\$9.55$  (REQUIRED WAGE AFTER RETENTION –INCLUDES HEALTH BENEFITS)

**SET WAGES FOR CALENDAR YEAR 2004 (Table 3)**

TERM BEGINNING DATE Jan. 1, 2004 – Dec. 31, 2004	SET MINIMUM WAGE
<i>Frontline Workers Earning at Least the State Average Hourly Wage</i>	\$20.29
<i>Frontline Workers with Multiple Barriers to Full-Time</i>	See Table 1
<i>Frontline Workers in High Unemployment Areas</i>	See Table 1 or 2 <i>Note: ETP standard minimum wage may be waived for “working poor” retrainees only, if post-retention wage is 7% higher than wage before training. ETP standard minimum wage for “working poor” new hires may be waived up to 25%, on a case-by-case basis - no post-retention wage requirement.</i>
<i>Frontline Workers Small Business Owners</i>	No wage requirement

For Projects funded under U.I. Code Section 10214.5:

- Frontline Workers Earning at Least the State Average Hourly Wage: SET Frontline workers must earn wages at least equal to the state average hourly wage of \$20.29 per hour. May use health benefits to meet minimum wage requirement.
- Multiple Barriers: For SET frontline workers with multiple barriers to full-time employment, the standard ETP minimum wages apply (See Table 1). May use health benefits to meet minimum wage requirement.
- High Unemployment Areas: For Set frontline workers in high areas of unemployment, the standard ETP minimum wages on Table 1 apply. However, the ETP minimum wage requirement may be waived for “working poor” trainees – as stipulated on Table 2. See

Table 2.

- Small Business Owners: For SET Small Business Owners, there is no wage requirement. The dollar value of health benefits voluntarily paid for by an employer for a trainee may be used to calculate wages for SET.

**WAGES FOR CALENDAR YEAR 2003 (Table 1)**

COUNTIES	NEW HIRE MINIMUM WAGE	RETRAINEE MINIMUM WAGE
<i>Alameda, Contra Costa, Marin San Francisco, San Mateo, Santa Clara</i>	\$ 9.98	\$11.98
<i>Los Angeles</i>	\$ 9.93	\$11.92
<i>Orange</i>	\$ 9.79	\$11.74
<i>Sacramento</i>	\$ 9.51	\$11.41
<i>San Diego</i>	\$ 9.32	\$11.18
<i>Ventura</i>	\$ 9.16	\$10.99
<i>All Other Counties</i>	\$ 8.98	\$10.98

**WORKING POOR WAGES FOR CALENDAR YEAR 2003 (Table 2)**

(May use health benefits to meet the identified minimum wage)

COUNTIES	NEW HIRE WAGE AFTER RETENTION	RETRAINEE WAGE AT START OF TRAINING	INCREASED RETRAINEE WAGE AFTER RETENTION
<i>Alameda, Contra Costa, Marin San Francisco, San Mateo, Santa Clara</i>	\$ 7.49	\$ 8.99	After retention, base wage must be increased ( <i>base</i> wage does not include health benefits). Increase must be at least 7% higher than trainee <i>base</i> wage was at the start of training.
<i>Los Angeles</i>	\$ 7.45	\$ 8.94	
<i>Orange</i>	\$ 7.34	\$ 8.81	
<i>Sacramento</i>	\$ 7.13	\$ 8.56	
<i>San Diego</i>	\$ 6.99	\$ 8.39	
<i>Ventura</i>	\$ 6.87	\$ 8.24	
<i>All Other Counties</i>	\$ 6.75	\$ 8.24	

**SET WAGES FOR CALENDAR YEAR 2003 (Table 3)**

TERM BEGINNING DATE Jan. 1, 2003 – Dec. 31, 2003	SET MINIMUM WAGE
<i>Regular Frontline Workers</i>	\$19.96
<i>Frontline Workers with Multiple Barriers to Full-Time</i>	See Table 1
<i>Frontline Workers in High Unemployment Areas</i>	See Table 1 <i>Note: ETP standard minimum wage may be waived for “working poor” retrainees only, if post-retention wage is 7% higher than wage before/during training. ETP standard minimum wage for “working poor” new hires may be waived up to 25% on a case-by-case basis - no post-retention wage requirement.</i>
<i>Frontline Workers Small Business Owners</i>	No wage requirement